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SIPDIS

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SUBJECT: SERBIA CIVIL AVIATION UPDATE

REF: BELGRADE 1305 AND PREVIOUS

SUMMARY

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[1](#)1. (SBU) Econoff met with authorities at the Civil Aviation Directorate (CAD) on October 20, 2006, to discuss the status of the Open Skies (OS) Agreement and progress on the new draft law on civil aviation. CAD's legal representative told Econoff that all ministries except the Ministry of Finance have provided comments on the OS text. There is general agreement to the proposed U.S. text, with the exception of Article 17, the removal of which the Government of Serbia (GOS) will seek on the grounds that the language falls outside of the International Civil Aviation Organization (ICAO) standard definition of territory. A formal response to the U.S.-proposed text is expected in November after the MOF submits its comments. END SUMMARY.

[1](#)2. (U) on October 20, 2006, Econoff met with officials at the Civil Aviation Directorate of the Republic of Serbia for an update on the proposed text for a new Open Skies bilateral civil aviation service agreement and to discuss the new draft law on civil aviation. Present at the meeting from CAD were Acting Director General Dragoljub Trgovcevic and Director of International Relations Zorica Radosavljevic.

[1](#)3. (U) Radosavljevic said that the proposed OS text had been circulated to relevant ministries for comments, and CAD has received comments from all except the Ministry of Finance. Its comments are expected within the next two weeks. Thereafter, a formal response will be drafted by CAD and given to Post sometime in November.

[1](#)4. (SBU) Radosavljevic said that generally speaking, the GOS welcomes the proposed U.S. text. Comments from the National Bank of Serbia were positive and indicated that the commercial and financial issues like foreign exchange and pricing provisions in the text were achievable.

[1](#)5. (SBU) However, she indicated that the Ministry of Foreign Affairs (MFA) and the Ministry of Capital Investments (MCI) raised objections to Article 17, which defines the scope of application to include all relevant United Nations Security Council (UNSC) resolutions. She conceded that this had been agreed upon in the past, but asserted that political realities had changed. Both ministries stated in their comments that it is unusual for a political issue like Kosovo to be included in a bilateral agreement and that such agreements should not be referencing UNSC resolutions. She

reiterated that the GOS will request that Article 17 be removed from the text and that a standard ICAO definition of territory be used.

#### PROGRESS TOWARDS PREPARING FOR IASA AUDIT

16. (U) Although it is yet to be formally requested, the CAD preparing for an International Aviation Safety Assessment (IASA) audit in the near future. Post recently provided USD 200,000 to the CAD for training of flight crew and inspectors based on the Federal Aviation Administration (FAA) technical review team's recommendations. In addition, a new draft law on civil aviation has been completed and the CAD would like input from the FAA before it is submitted into the formal government process. CAD sent the draft law on civil aviation to Mark Bury at the FAA in Brussels earlier in October for review.

17. (SBU) Trgovcevic mentioned that representatives from the European Commission conducted an audit of CAD two weeks ago in relation to the European Common Aviation Area agreement signed earlier this summer. Official results of the audit have not yet been received, but Trgovcevic was unofficially informed that the CAD passed the audit. He also mentioned that Serbia will become a full member of the Joint Aviation Authorities (JAA) in December after a successful audit in July.

#### COMMENT

18. Trgovcevic believes that Serbia will be ready for an IASA audit after the passage of the civil aviation legislation, which is expected in early 2007. We recommend sending another FAA technical review team early 2007 in preparation for a final IASA audit. There are funds remaining from a

U.S. Trade Development Agency (USTDA) grant to fund this kind of trip.

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